NCTech Int Bhd v NCV Technologies Sdn Bhd

HIGH COURT (KUALA LUMPUR) — CIVIL SUIT NO 22IP-49–09 OF 2014
AZIZAH NAWAWI J
2 NOVEMBER 2016

Trade Marks — Registered trade marks — Action for infringement — Locus standi — Whether plaintiff had locus standi to initiate and maintain action against defendant — Whether plaintiff registered proprietor of VELLUX trademark by virtue of deed of trust — Whether plaintiff could rely on deed of assignment as basis of its claim against defendant for trademark infringement — Whether assignment lawful — Whether assignment made by undischarged bankrupt — Whether assignment registered with Registrar of Trade Marks — Expungement — Application for — Whether plaintiff had basis to expunge defendant's NCV trademark — Whether defendant's mark confusingly similar to plaintiff's mark — Appellant counterclaimed for rectification and expungement of VELLUX trademark — Whether counterclaim should be allowed

At all material times the plaintiff and defendant were in the business of assembling and trading in electronic wireless devices for receiving and sending alert data for usage in the food and beverage industry, security, car park and the like. The plaintiff was the registered owner of the trademark NCTECH in Class 9 for wireless apparatus. The defendant was the registered proprietor of the trademark NCV in Class 9 and it distributed and sold its wireless devices under the trademark VELLUX and/or NCV. The plaintiff claimed that it was the owner of the VELLUX trademarks, which were registered in the name of one Chan Yuet May ('CYM'), pursuant to a deed of trust and deed of assignment it had entered into with CYM. The plaintiff thus filed the present suit seeking several injunctive orders against the defendant from selling electronic goods bearing the trademarks NCTECH and VELLUX, which the plaintiff claims to be its trademarks. The plaintiff also claimed that that the defendant had infringed the VELLUX trademark by distributing products bearing the VELLUX trademark. Further, the plaintiff claimed that the use of the name NCV by the defendant had caused confusion and hence the trademark NCV, which belonged to the defendant should be expunged from the register of trademarks. In response, the defendant filed a counterclaim wherein it sought a declaration that the deed of assignment between CYM and the plaintiff was invalid and that neither the plaintiff nor CYM were the rightful proprietor of the VELLUX trademark. The defendant thus sought to expunge the VELLUX trademark from the register. The defendant also submitted that a Korean company by the name of Dunan Co Ltd ('Dunan')

was the proprietor of the VELLUX trademark in Malaysia and that Dunan had appointed the defendant as the exclusive distributor of the products bearing the VELLUX trademark since November 2011.

Held, dismissing the plaintiff's claim with costs and allowing the defendant's counterclaim with costs:

(1) Pursuant to s 35 of the Trade Marks Act 1976 ('the Act'), the registration of the VELLUX trademark by the registered proprietor CYM, gave CYM the statutory exclusive rights to use that trademark to the exclusion of the defendant. However, as the registration records show that CYM was the registered proprietor of the VELLUX trademark, the plaintiff could not seek protection under s 35 read with s 38 of the Act in seeking injunctive reliefs and damages against the defendant. In short, only the registered proprietor of the trademark could take proceedings for infringement of the said trademark. As such, the plaintiff had no locus standi to initiate and maintain this action against the defendant (see paras 18–19 & 22–23).

(2) There was nothing in the deed of trust making any reference to the VELLUX trademark or of CYM being a trustee of the said trademark. As such, the plaintiff had failed to establish that it was the owner of the VELLUX trademark by virtue of the deed of trust. Further, the plaintiff could not rely on the deed of assignment as the basis of its claim against the defendant for trademark infringement as the assignment was not registered with the Registrar of Trade Marks. In any case the assignment would have been unlawful, because CYM's assignment to the plaintiff was made when she was an undischarged bankrupt. As the VELLUX trademark constituted 'property' within the definition of the Bankruptcy Act 1967, the purported transfer of the property of an undischarged bankrupt void pursuant to s 24(a), (b), (c) and (e) of the Contracts Act 1950. In the present case, instead of delivering her property, the VELLUX trademark to the Director General of Insolvency, CYM had infringed s 109(b) of the Bankruptcy Act 1967 when she assigned her VELLUX trademark to the plaintiff. Therefore, the plaintiff was not the registered proprietor of the VELLUX trademark and could not maintain the action for trademark infringement against the defendant (see paras 26–28 & 30–38).

(3) In the present case, the plaintiff claimed ownership over the VELLUX trademark premised on the deed of trust and the deed of assignment. The plaintiff did not claim to be the common law owner of the VELLUX trademark. Therefore, based on the plaintiff's pleaded case, it had no locus standi to sue the defendant for the tort of passing off (see para 41).

(4) With regards to the plaintiff's claim for rectification and to expunge the defendant's trademark NCV, the plaintiff's pleaded case was against the

name of the defendant company and not the registered trademark NCV. However, the rectification provisions in ss 45 and 46 of the Act were with regards to trademarks and not the names of the companies concerned. Therefore, based on the plaintiff's pleaded case, there was no basis to expunge the defendant's NCV trademark (see paras 45–46).

(5) In determining whether the defendant's mark was confusingly similar to the plaintiff's mark the marks should be considered as a whole, both by the look and the sound, and not by dissecting the word marks. Upon a visual and aural comparison, it was clear that the only similarity between the trademarks was the word NC. There was no evidence to show that the word NC was associated with the plaintiff and the plaintiff had no registration for the word NC. As such, the defendant's NCV mark was neither identical nor similar to the plaintiff's NCTECH mark. The plaintiff had failed to establish its case on the balance of probability premised on a claim of trademark infringement, passing off and rectification (see paras 49–54).

(6) In view of the finding that the deed of assignment between CYM and the plaintiff was null and void, the defendant was granted a declaration that the plaintiff was not the rightful owner of the VELLUX trademark. Since the original registration by CYM was obtained by fraud, the registration of the VELLUX trademark should be expunged from the Registry. Further, having considered the evidence as a whole it was clear that Dunan was the first user of the VELLUX trademark (see paras 56, 68, 71, 81 & 91).

[Bahasa Malaysia summary

Pada waktu material, plaintif dan defendan adalah dalam perniagaan pemasangan dan perdagangan alat elektronik wayarles untuk menerima dan menghantar awasan data untuk kegunaan dalam industri makanan dan minuman, keselamatan, tempat letak kereta dan sebagainya. Plaintif adalah pemilik berdaftar cap dagangan NCTECH dalam Kelas 9 untuk radas wayarles. Defendan adalah pemilik berdaftar cap dagangan NCV dalam Kelas 9 dan ia mengedarkan dan menjual alat wayarles di bawah cap dagangan VELLUX dan/atau NVC. Plaintif mendakwa bahawa ia adalah pemilik cap dagangan VELLUX, yang mana didaftarkan atas nama seorang yang bernama Chan Yuet May ('CYM'), berikutan surat ikatan amanah dan surat ikatan penyerahhakan yang telah dimasukinya dengan CYM. Plaintif dengan itu memfailkan guaman ini memohon beberapa perintah injunksi terhadap defendan daripada menjual barangan elektronik yang membawa cap dagangan NCTECH dan VELLUX, yang mana didakwa oleh plaintif adalah cap dagangannya. Plaintif juga mendakwa bahawa defendan telah melanggar cap dagangan VELLUX dengan mengedarkan produk yang membawa cap dagangan VELLUX. Seterusnya, plaintif mendakwa bahawa penggunaan nama NVC telah menyebabkan kekeliruan dan oleh itu cap dagangan NVC,

yang dimiliki oleh defendan sepatutnya dipadamkan daripada Daftar Cap Dagangan. Sebagai tindak balas, defendan memfailkan tuntutan balas di mana ia memohon satu deklarasi bahawa surat ikatan penyerahhakan antara CYM dan plaintif adalah tidak sah dan bahawa bukan plaintif ataupun CYM adalah pemilik sah cap dagangan VELLUX. Defendan oleh itu memohon untuk membatalkankan cap dagangan VELLUX daripada Daftar. Defendan juga mengemukakan bahawa satu syarikat Korea yang bernama Dunan Co Ltd ('Dunan') adalah pemilik cap dagangan VELLUX di Malaysia dan bahawa Dunan telah melantik defendan sebagai pengedar eksklusif produk yang membawa cap dagangan VELLUX sejak November 2011.

Diputuskan, menolak tuntutan plaintif dengan kos dan membenarkan tuntutan balas defendan dengan kos:

(1) Menurut s 35 Akta Cap Dagangan 1976 ('Akta'), pendaftaran cap dagangan VELLUX oleh pemilik berdaftar CYM, memberikan CYM hak statutori eksklusif untuk menggunakan cap dagangan dan boleh mengecualikan defendan. Walau bagaimanapun, memandangkan rekod pendaftaran menunjukkan bahawa CYM adalah pemilik berdaftar cap dagangan VELLUX, plaintif tidak boleh berlindung di bawah s 35 dibaca bersama s 38 Akta dalam memohon relief injunksi dan ganti rugi terhadap defendan. Pendek kata, hanya pemilik berdaftar cap dagangan sahaja boleh mengambil prosiding untuk pelanggaran terhadap cap dagangan tersebut. Oleh itu, plaintif tidak mempunyai locus standi untuk memulakan dan mengekalkan tindakan terhadap defendan (lihat perenggan 18–19 & 22–23).

(2) Tiada apa dalam surat ikatan amanah yang membuat apa-apa rujukan terhadap cap dagangan VELLUX, atau CYM menjadi pemegang amanah cap dagangan tersebut. Oleh itu, plaintif gagal untuk membuktikan bahawa ia adalah pemilik cap dagangan VELLUX menurut kuasa surat ikatan amanah. Selanjutnya, plaintif tidak boleh bergantung atas surat ikatan penyerahhakan sebagai asas tuntutannya terhadap defendan untuk pelanggaran cap dagangan kerana penyerahhakan itu tidak didaftarkan kepada Pendaftar Cap Dagangan. Dalam apa-apa kes penyerahhakan adalah menyalahi undang-undang, kerana penyerahhakan CYM kepada plaintif dibuat apabila dia adalah si bankrap yang belum dilepaskan. Oleh kerana cap dagangan VELLUX merupakan 'property' dalam takrif Akta Kebankrapan 1967, pindah milik hartanah yang dimaksudkan oleh seorang yang bankrap belum dilepaskan adalah terbatal menurut s 24(a), (b), (c) dan (e) Akta Kontrak 1950. Dalam kes ini, di sebalik menyerahkan hartanahnya, cap dagangan VELLUX kepada Ketua Pengarah Insolvensi, CYM telah melanggar s 109(b) Akta Kebankrapan 1967 apabila dia menyerahhakan cap dagangannya, VELLUX, kepada plaintif. Oleh itu, plaintif bukanlah pemilik berdaftar cap dagangan VELLUX dan tidak boleh mengekalkan

tindakan untuk pelanggaran cap dagangan terhadap defendan (lihat perenggan 26–28 & 30–38).

(3) Dalam kes ini, plaintif menuntut milikan ke atas cap dagangan VELLUX berdasarkan atas surat ikatan amanah dan surat ikatan penyerahhakan. Plaintif tidak menuntut menjadi pemilik *common law* terhadap cap dagangan VELLUX. Maka, berdasarkan kes yang diplidkan oleh plaintif, ia tidak mempunyai locus standi untuk menyaman defendan untuk tort kelirupaan (lihat perenggan 41).

(4) Berkaitan dengan tuntutan plaintif untuk pembetulan dan untuk memadamkan cap dagangan NCV, kes yang diplidkan oleh plaintif adalah terhadap nama syarikat defendan dan bukan cap dagangan berdaftar NCV. Namun, pembetulan peruntukan dalam ss 45 dan 46 Akta adalah berkenaan cap dagangan dan bukan nama syarikat berkenaan. Oleh itu, berdasarkan kes yang diplidkan oleh plaintif, tiada asas untuk membatalkan cap dagangan NCV defendan (lihat perenggan 45–46).

(5) Dalam menentukan sama ada cap defendan adalah sama mengelirukan seperti cap plaintif, cap itu sepatutnya dipertimbangkan secara keseluruhan, dengan kedua-dua rupa dan bunyi, dan bukan menganalisis perkataan cap. Semasa perbandingan visual dan aural, ia adalah jelas bahawa satu-satunya persamaan antara cap dagangan adalah perkataan NC. Tiada keterangan untuk menunjukkan bahawa perkataan NC dikaitkan dengan plaintif dan plaintif tidak mempunyai pendaftaran untuk perkataan NC. Oleh itu, cap NCV defendan adalah tidak sama atau serupa dengan cap NCTECH plaintif. Plaintif gagal untuk membuktikan kesnya pada imbangan kebarangkalian berdasarkan tuntutan pelanggaran cap dagangan, kelirupaan dan pembetulan (lihat perenggan 49–54).

(6) Mengambil kira dapatan bahawa surat ikatan penyerahhakan antara CYM dan plaintif adalah batal dan tak sah, defendan diberikan satu deklarasi bahawa plaintif bukanlah pemilik sah cap dagangan VELLUX. Memandangkan pendaftaran asal oleh CYM diperolehi melalui fraud, pendaftaran cap dagangan VELLUX sepatutnya dibatalkan daripada Daftar. Selanjutnya, mengambil kira keseluruhan keterangan ia adalah jelas bahawa Dunan adalah pengguna pertama cap dagangan VELLUX (lihat perenggan 56, 68, 71, 81 & 91).]

Notes

For cases on application for infringement, see 12(2) *Mallal's Digest* (5th Ed, 2015) paras 2827–2835.

Cases referred to

Bailey (William) (Birmingham) Ltd's Application to Register Trade Mark, Re, Re Gilbert & Co's Opposition (1935) 52 RPC 136, Ch D (refd)

Chesebrough-Ponds International Ltd v Director-General of Inland Revenue [1976] 2 MLJ 25; [1975] 1 LNS 9 (refd)

Elba Group Sdn Bhd v Pendaftar Cap Dagangan Dan Paten Malaysia [1998] 4 MLJ 105, HC (refd)

Fif Trade Mark [1979] RPC 355, Ch D (refd)

Foo Fatt Chuen v Jacobson Cheong Weng Hin & Ors [2012] 8 MLJ 522; [2012] 3 CLJ 632, HC (refd)

Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan Liquor Trader (a firm intervening) [1992] 4 CLJ 1985, HC (refd)

Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd [2009] 5 MLJ 703; [2012] 10 CLJ 507, HC (refd)

Luk Lamellen Und Kupplungsbau GMBH v South East Asia Clutch Industries Sdn Bhd [1997] 2 MLJ 724, HC (refd)

McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation [2009] 3 MLJ 774, CA (refd)

Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor [2008] 6 MLJ 433; [2008] 1 CLJ 46, CA (refd)

Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party) [2015] 6 MLJ 465; [2015] 9 CLJ 125, FC (refd)

Regent Pumps Pty Ltd & Anor v Keylargo Industrial Sdn Bhd [2009] 2 CLJ 303, HC (refd)

Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1992] 2 MLJ 63; [1992] 1 CLJ Rep 344, SC (refd)

Wieland Electric GMBH v Industrial Automation (M) Sdn Bhd & Anor [2014] 10 MLJ 445; [2014] 7 CLJ 970, HC (refd)

Legislation referred to

Bankruptcy Act 1967 ss 8, 38(1)(d), 109(1)(b), (1)(m)(i)

Contracts Act s 24, 24(a), (b), (c), (e)

Trade Marks Act 1976 ss 10, 14, 14(1)(a), 25, 25(1), 33A(2), 35, 37, 37(a), (b), (c), 38, 38(1), 45, 45(1), 46, 55, 55(5), 82(2)

WL Kang (Alex Gan with him) (Gan & Kang Chambers) for the plaintiff.

Edmund (CL Fong with him) (Shu Yin The & Thaing) for the defendant.

Azizah Nawawi J:

INTRODUCTION

[1] The plaintiff's claim against the defendant is premised on trademark infringement and the tort of passing off. Therefore, the plaintiff claims for the following reliefs:

(i) Suatu Perintah Deklarasi bahawa Plaintif adalah pemilik cap dagangan 'Vellux' dan 'NCTECH' dan Defendan tidak mempunyai apa-apa kaitan dan hak terhadap cap dagangan 'Vellux' dan 'NCTECH';

(ii) Suatu Perintah Injunksi bahawa Defendan disekat dan dihalang daripada menggunakan cap dagangan 'Vellux' dan 'NCTECH' ataupun apa-apa cap dagangan yang serupa atau seiras dengan 'Vellux' dan 'NCTECH' dalam perniagaannya;

(iii) Suatu Perintah bahawa Cap Dagangan 'NCV' yang telah didaftaraikan dibawah Perbadanan Harta Intelek Malaysia dibawah Permohonan No 2011016850 dikeluar dan dipadamkan (*expunge*) daripada pendaftaran Perbadanan Harta Intelek Malaysia dengan serta-merta daripada tarikh penghakiman ini diberikan;

(iv) Suatu Perintah Injunksi bahawa Defendan disekat dan dihalang daripada terus menjual barangan-barangan elektronik 'caller' dan 'receiver' tiruan yang mengandungi jenama, NCTECH, Vellux ataupun mana-mana cap dagangan/ barangan-barangan elektronik yang seiras ataupun mirip dengan barangan-barangan elektroknik 'caller' dan 'receiver' yang dicipta dan dimiliki oleh Plaintif; dan

(v) Gantirugi sebanyak RM1,000,000.00 untuk kehilangan perniagaan serta *licensing fees/royalties*.

[2] The defendant filed its statement of defence and counterclaim, and in its counterclaim, the defendant prays for the following reliefs:

(a) a declaration that the deed of assignment between Chan Yuet May ('CYM') and the plaintiff dated 27 January 2014 ('deed of assignment') is invalid, null, void and has no legal effect;

(b) a declaration that the plaintiff and/or CYM are not the rightful proprietor of the VELLUX mark; and

(c) an order that the Malaysian Trade Mark Registration No 09009863 for 'VELLUX WIRELESS CALL SYSTEM' and No 06012023 for 'NccVellux' both in Class 9 (collectively referred as 'VELLUX trademarks') be expunged from the Register of Trade Marks, Malaysia.

[3] Having considered the evidence and the submission of the parties, this court has dismissed the plaintiff's claim and allowed the defendant's counterclaim.

THE SALIENT FACTS

[4] The plaintiff (formerly known as NC CAPITAL HOLDINGS BHD) is a company incorporated in Malaysia, with its business address at No 4–1, Jalan 22B/70A, Crystal Ville II, Desa Sri Hartamas. In the CCM search, the nature of the plaintiff's business is in providing warehousing and administration services. From the plaintiff's evidence however, its main business is as the assembler, wholesaler and exporter of an electronic device known as 'Wireless Alert Data System'. The 'Wireless Alert Data System' is an electronic system comprising of wireless devices for receiving and sending alert data for usage in the food and beverage industry, security, car park etc.

[5] The plaintiff is the registered owner of the trademark 'NCTECH' in Class 9 for wireless apparatus, which was registered on 14 March 2008.

[6] Chan Yuet May ('CYM') ('the second defendant' in the counterclaim) claimed to be the registered owner of the marks, 'NCCvellux' and 'vellux' ('the VELLUX trademarks'). The trademark 'NCCvellux' was registered in the name of CYM on 10 July 2006, in Class 9 for transmission systems — watch pagers, button (calling), transmitter RX, Monitor. The trademark 'vellux' was registered in the name of CYM on 15 June 2009, also in Class 9.

[7] The plaintiff claimed to be the owner of the 'VELLUX' trademarks, which were registered in the name of CYM, as CYM was assigned by the plaintiff to hold the shares of the plaintiff in NC Capital Technologies Sdn Bhd ('NCCT') vide a deed of trust dated 8 December 2008. Thus the plaintiff claims that the 'VELLUX' marks belonged to the plaintiff.

[8] CYM was adjudged a bankrupt on 9 May 2012 and remained an undischarged bankrupt as at the date of the trial.

[9] Vide a deed of assignment dated 27 January 2014, CYM had assigned the trademark No 06012023 'NCCvellux' to the plaintiff. Based on the said assignment, the plaintiff also claims to be the owner of 'NCCvellux' in Class 9. The plaintiff is also seeking a declaration that it is the owner of the trademark 'vellux' in Class 9, based on the deed of trust dated 8 December 2008.

[10] The defendant is a company incorporated in Malaysia with its business address at NW-03A-21, Cove Square, Jalan Teknologi, PJU 5, Kota

Damansara, Petaling Jaya. In the CCM registration, the nature of the defendant's business is as a commission agent and trading in electronic and wireless system.

[11] The defendant is the registered proprietor of the trademark 'NCV' under registration No 2011016850 in Class 9 for 'Wireless calls system, wireless data transmission system for button (calling) watch pager, transmitter monitor RX'.

[12] The defendant also distributed and/or sold wireless network communication device which acts as a notification for service system in restaurant, hospital, security, queuing order and the like. These products are distributed and/or sold under the trademark 'VELLUX' and/or 'NCV' ('the defendant's products'). These products are manufactured and supplied by one Korean company by the name of Dunan Co Ltd ('Dunan'). Dunan claims that it is the proprietor of the 'VELLUX' trademark in Malaysia.

[13] Dunan has appointed the defendant as the exclusive distributor of the products bearing the trademark 'VELLUX' since November 2011.

[14] Since the plaintiff claims that the defendant is also using the marks 'NCV' and 'VELLUX' in their business, the plaintiff filed this suit seeking several injunctive orders against the defendant from selling electronic goods, 'callers' and 'receivers' bearing the trademarks 'NCTECH', 'Vellux' and any other corresponding marks or goods which the plaintiff claims to be their trademarks.

[15] The plaintiff also claims that the defendant had infringed the 'VELLUX' trademarks by distributing products bearing the trademark 'VELLUX'. Further, the plaintiff claims that the use of the name 'NCV' by the defendant has caused confusion hence the registered trademark for 'NCV', which belonged to the defendant should be expunged.

[16] In response, the defendant seek a declaration that the deed of assignment between the second defendant in the counterclaim and the plaintiff dated 27 January 2014 is invalid, null, void and has no legal effect and that the plaintiff and/or the second defendant are not the rightful proprietor of the 'VELLUX' mark. Therefore, the defendant seeks to expunge CYM's registration of the trademark 'VELLUX' and 'NCCVELUX' from the registry of trademarks.

AGREED ISSUES TO BE TRIED

[17] The parties have set out 18 issues to be tried, which the defendant has summarised to be as follow:

(a) whether the registration and assignment of the 'VELLUX' trademarks by CYM was unlawful;

(b) whether the 'VELLUX' trademarks ought to be expunged from the register of trademarks;

(c) whether the defendant had infringed and/or passed off the 'VELLUX' trademarks;

(d) whether the defendant had infringed and/or passed off the 'NCTech' trademark; and

(e) whether the defendant's registered 'NCV' trademark ought to be expunged from the register of trademarks.

THE FINDINGS OF THE COURT

[18] Pursuant to s 35 of the Trade Marks Act 1976 ('the TMA 1976'), the registration of the 'VELLUX' trademarks by the registered proprietor, CYM, gives CYM the statutory exclusive rights to use those trademarks to the exclusion of the defendant. Therefore, the defendant cannot use CYM's registered trademarks without her permission.

[19] The plaintiff's claim for trademark infringement is premised on s 38(1) of the TMA 1976 which reads as follows:

> 38 Infringement of a trade mark
>
> (1) A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be take neither—
>
> (a) as being use as a trade mark;
>
> (b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade; or
>
> (c) ...

[20] In *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63; [1992] 1 CLJ Rep 344, the Supreme Court said this:

> Under s 38 of the Trade Marks Act, a registered trade mark is infringed by a person who uses a mark which:
>
> (a) is identical with it; or
>
> (b) so nearly resembling it as is likely to deceive; or
>
> (c) so nearly resembling it as is likely to cause confusion.

[21] The same position was taken by Justice Low Hop Bing in *Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd* [2009] 5 MLJ 703; [2012] 10 CLJ 507, where His Lordship opined that in order to prove infringement, it is incumbent upon the plaintiff to prove that:

(a) the defendant is neither the registered proprietor nor the registered user of the trademark;

(b) the defendant used a mark identical with or so nearly resembling the plaintiff's registered trademark as is likely to deceive or cause confusion;

(c) the defendant was using the offending mark in the course of trade;

(d) the defendant was using the offending mark in relation to goods or service within the scope of the registration; and

(e) the defendant used the offending mark in such a manner as to render use likely to be taken either as being used as a trademark or as importing a reference to the registered proprietor or the registered user or to their goods or services.

[22] However, from the registration records of the 'VELLUX' trademarks, the plaintiff is not the registered owner of the trademarks. Both the trademarks 'vellux' and 'Nccvellux' are owned by CYM, not the plaintiff. The registry disclosed that CYM is the registered proprietor of both marks.

[23] Therefore, since the plaintiff is not the registered proprietor of the 'VELLUX' trademarks, they cannot seek protection under s 35 read with s 38 of the TMA 1976 in seeking injunctive reliefs and damages against the defendant. As the plaintiff is not the registered proprietor of the 'VELLUX' trademarks, then the plaintiff has no locus standi to initiate and maintain this action against the defendant. Only the registered proprietor of the trademarks can take proceedings for infringement of the said trademarks.

[24] However, it is the contention of the plaintiff that they are the owner of the 'VELLUX' trademarks ('nccvellux' and 'vellux') by virtue of the deed of trust dated 8 December 2008 and the deed of assignment dated 27 January 2014.

[25] The plaintiff claimed that the plaintiff owns the 'VELLUX' trademarks as CYM was assigned by the plaintiff to hold the shares of the plaintiff in NCCT vide a deed of trust dated 8 December 2008. Thus the plaintiff claims that the 'VELLUX' marks belonged to the plaintiff.

[26] However, if we look at the said deed of trust dated 8 December 2008, there is nothing in the said deed making any reference to the 'VELLUX' trademarks. The said deed of trust is only in respect of 2,430,000 units of shares in NCCT, whereby CYM is to hold the said shares in NCCT 'IN TRUST for and on behalf and for the full and absolute benefit of the beneficiary'. In fact, CYM herself ('PW3') has admitted that the deed of trust did not state that she was the trustee of trademark 'Vellux' and 'NCCVellux':

DC1: Where does the deed of trust says you are holding the trademark NCC Vellux and Vellux as trustee. Does the deed of trust says that?

PW3: Yes.

DC1: Where?

PW3: In the 1st ... I don't understand your question.

DC1: The question was where the deed of trust says that you are the trustee of trademark Vellux and NCC Vellux.

PW3: No, I can't find.

[27] Therefore, if indeed CYM had been a trustee all these while, it would have been expressly stated in the deed of trust or even in the deed of assignment. Added to that if the plaintiff had intended to appoint CYM as trustee of the 'VELLUX' trademarks, there is no need for NCCT to be in the picture since the plaintiff is not claiming that NCCT was the previous proprietor of the said trademarks.

[28] As such, I am of the considered opinion that the plaintiff has failed to establish that they are the owner of the 'VELLUX' trademarks by virtue of the deed of trust dated 8 December 2008.

[29] The next issue is whether the plaintiff is the owner of the 'VELLUX' trademarks pursuant to the deed of assignment dated 27 January 2014. Under the deed of assignment, CYM has assigned the trademark No 06012023 to the

plaintiff. This is in respect of the trademark 'NCCvellux'. There is no assignment in respect of trademark registration No 09009863 for 'vellux'.

[30] Section 55 of the TMA 1976 allows the assignment and transmission of registered trademarks, with or without goodwill of the business. However, sub-s 55(5) provides that 'the assignment shall not be deemed to have taken effect unless the assignment has been advertised in the prescribed manner and the application for the assignment without goodwill, accompanied by the advertisement, has been sent to the Registrar'.

[31] In the present case, there is no evidence adduced by the plaintiff that they have complied with the requirements in sub-s 55(5) of the TMA 1976. As such, the plaintiff cannot rely on the deed of assignment dated 27 January 2014 as the basis of its claim against the defendant for trademark infringement as the assignment was not registered with the registrar.

[32] Added to that, I also agree with the submission of the defendant that the assignment is unlawful. The defendant has submitted that this is not a case of a bona fide assignment but an assignment by an undischarged bankrupt to a company run by her and her husband ('PW1').

[33] It is not in dispute that CYM was made a bankrupt in May 2012 and the assignment to the plaintiff was made when she was an undischarged bankrupt. Pursuant to s 8 of the Bankruptcy Act 1967, the official assignee is constituted the receiver of the property of the debtor, CYM, including the 'VELLUX' trademarks.

[34] In *Chesebrough-Ponds International Ltd v Director-General of Inland Revenue* [1976] 2 MLJ 25; [1975] 1 LNS 9, the High Court held that a 'trade mark' is a property within a meaning of development tax legislation. In this regard, Azmi J held:

> Since the word 'property' has not been defined in the Act, for the purpose of construction, its natural and normal meaning should be applied. The word is defined, inter alia, in the Shorter Oxford Dictionary as:
>
> > The condition of being owned by or belonging to some person or persons; hence, the fact of owing a thing; the holding of something as one's own; right (especially the exclusive right) to the possession, use, or disposal of anything; ownership, proprietorship.
>
> To my mind, there is no merit in the argument that the word 'property' in s 33A(2) of the 1947 Ordinance and s 13(2) of the 1967 Act should be confined to tangible property. *The appellant company's trade mark having been registered with the Registrar of Trade Marks Malaysia gives the company exclusive right to its use. As such, I am of the view that all registered patents or trade marks constitute 'property' within the meaning of*

development tax legislation. I am fortified in this opinion by the analogy which can be drawn in the Federal Court case of *Selangor Pilot Association (1946) v Government Of Malaysia & Anor* [1975] 2 MLJ 66 where there was no dispute at all in the fact that a 'goodwill', though intangible, is property within the meaning of Article 13 of the Federal Constitution. Indeed, before the Special Commissioners the appellant company all along took the stand that patents or trade marks could be regarded as property whereby income might be obtained as a result of investment on patents or trade marks (see also para (b)(iii) of appellant company's letters patent in agreed bundle of documents). (Emphasis added.)

[35] As the 'VELLUX' trademarks constitute 'property' within the definition of the Bankruptcy Act 1967, then the purported transfer of the property of an undischarged bankrupt is void pursuant to s 24(a), (b), (c) and (e) of the Contracts Act 1950, which provides the following:

24 What considerations and objects are lawful, and what not

The consideration or object of an agreement is lawful, unless —

(a) it is forbidden by a law;

(b) it is of such a nature that, if permitted, it would defeat any law;

(c) it is fraudulent;

(d) it involves or implies injury to the person or property of another; or

(e) the court regards it as immoral, or opposed to public policy.

In each of the above cases, the consideration or object of an agreement is said to be unlawful. Every agreement of which the object or consideration is unlawful is void.

[36] In *Foo Fatt Chuen v Jacobson Cheong Weng Hin & Ors* [2012] 8 MLJ 522; [2012] 3 CLJ 632, the High Court held that two agreements entered between the plaintiff and the first defendant, who is an undischarged bankrupt, to be illegal as there has been a breach of s 38(1)(d) of the Bankruptcy Act 1967 and s 109(1)(m)(i) of the same pursuant to s 24(a), (b) and (e) of the Contracts Act 1950.

[37] In the present case, instead of delivering her property, the 'VELLUX' trademarks to the Director General of Insolvency, CYM has infringed s 109(1)(b) of the Bankruptcy Act 1967 when she assigned her 'VELLUX' trademarks to the plaintiff. Therefore, pursuant to s 24 of the Contracts Act 1950, the deed of assignment is void as the assignment was forbidden by law, defeats the Bankruptcy Act 1967, fraudulent and against public policy.

[38] Therefore, premised on my reasons above, I am of the considered opinion that the plaintiff, who is not the registered proprietor of the 'VELLUX' marks cannot maintain this action against the defendant for trademark infringement.

PASSING OFF

[39] The plaintiff's claim against the defendant is also premised on the tort of passing off, pursuant to s 82(2) of the TMA 1976, which reads:

> 82 Unregistered trade marks
>
> (1) No person shall be entitled to initiate any action to prevent or to recover damages for the infringement of an unregistered trade mark.
>
> (2) Notwithstanding subsection (1), *nothing in this Act shall be deemed to affect the right of action against any person for passing off goods or services as those of another person or the remedies in respect thereof.*

[40] The above provision was explained in para [520.582] of *Halsbury Laws of Malaysia* (2007 Issue, Vol 22):

> Nature of action for passing off
>
> The *common law action of passing off enables owners of unregistered marks or common law marks and trade names to protect their exclusive right to use a trade mark or name.* The common law marks may include trade marks pending registration, trade marks which are not registrable under the Trade Marks Act 1976 and trade names.

[41] In the present case, since the 'VELLUX' trademarks are registered trademarks, the only issue here is whether the plaintiff is the common law owners of the 'VELLUX' trademarks. However, if we look at the pleaded case of the plaintiff, the plaintiff claimed ownership over the 'VELLUX' trademarks premised on the deed of trust dated 8 December 2008 and the deed of assignment dated 27 January 2014. The plaintiff did not claim to be the common law owner of the 'VELLUX' trademarks. Therefore, based on the plaintiff's pleaded case, the plaintiff has no locus standi to sue the defendant for the tort of passing off.

'NCV' TRADEMARK

[42] The plaintiff is also seeking to expunge the defendant's 'NCV' trademark from the Register of Trade Marks and to injunct the defendant from using the trademark 'NCV'. The plaintiff's pleaded case on the 'NCV' trademark is in para 5.4 of the statement of claim, which reads:

> Yang penting sekali, Defendan telah menjalankan perniagaannya dengan menggunakan representasi/jenama/cap dagangan 'Vellux' yang dimiliki oleh

Plaintif; selain itu *nama syarikat Defendan iaitu 'NCV' yang mirip/hamper serupa dengan nama syarikat Plaintif* turut telah menyebabkan keliruan di kalangan pengguna-pengguna alat-alat 'caller' dan 'receiver' ataupun Wireless Sata Alert System.

[43] However, the plaintiff did not plead if the application to expunge the 'NCV' trademark is pursuant to s 45 or 46 of the TMA 1976.

[44] But in para (22) of the plaintiff's written submission, the plaintiff submits that the defendant's 'NCV' trademark has infringed the plaintiff's NCT mark and passed off of the NCT mark. However, in para 5.4 of the statement of claim, there is no issue on trademark infringement or the tort of passing off pleaded against the defendant's 'NCV' trademark. Therefore, both the issues on trademark infringement and passing off as against 'NCV' are not pleaded issues.

[45] With regards to the plaintiff's claim for rectification and to expunge the defendant's trademark 'NCV', the plaintiff's pleaded case is against the name of the defendant company, not the registered trademark 'NCV'. And the plaintiff's complaint is that the name of defendant company is similar to the name of the plaintiff's company, and because of such similarity, the consumers will be confused.

[46] But the rectification provisions in ss 45 and 46 of the TMA 1976 are with regards to 'trademarks', not the names of the companies concerned. Therefore, based on the plaintiff's pleaded case, there is no basis to expunge the defendant's 'NCV' trademarks.

[47] In any event, I will now consider if the defendant's trademark 'NCV' is deceptively or confusingly similar with the plaintiff's trademark 'NCTECH'.

[48] I am of the considered opinion that we cannot simply select the word 'NC' in the plaintiff's mark and compare the it with the word 'NC' in the defendant's mark, thereby ignoring the letter 'V' in the defendant's mark and omitting the letters 'TECH' in the plaintiff's mark. The dangers of selecting component feature of a mark and comparing it with selective components of another mark was highlighted in the case of *Bailey (William) (Birmingham) Ltd's Application to Register Trade Mark, Re, Re Gilbert & Co's Opposition* (1935) 52 RPC 136 at pp 151–152, Farwell J held that:

> I do not think it is right to take part of a word and compare it with a part of the other word; one word must be considered as a whole ... I think it is a dangerous method to divide the word up and seek to distinguish a portion of it from a portion of the other word.

[49] In determining whether the defendant's mark is confusingly similar to the plaintiff's mark, the relevant test can be found in the Supreme Court case of *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63, where the court held that:

> The 'test' which Wan Adnan J was referring to were contained in Parker J's judgment in *The Pianotist Co Ltd* in the following terms:
>
> > You must take two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trademarks is used in a normal way as a trade mark for the goods of the respective owners of the marks.

[50] Therefore, the marks must be considered as a whole, both by the look and sound, and not by dissecting the word marks. A visual comparison of the 'NCTECH' and 'NCV' mark reveals that the plaintiff's mark has the word 'tech' and the defendant's mark is shorter with only the letter V added.

[51] Aurally, the marks are pronounced differently. The plaintiff's 'NCTECH' trademark is pronounced as N-C-Tech whereas the defendant's mark is pronounced as N-C-V.

[52] I also agree with the defendant that the only similarity between the trademarks is the word 'NC'. There was also no evidence to show that the word NC is associated with the plaintiff. The plaintiff also has no registration for the word 'NC'. In the Court of Appeal case of *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774, the court held that the use of the name 'McCurry' did not pass off the trademark of 'McDonalds'. Gopal Sri Ram JCA (as then he was) held that:

> [15] In the first place, the learned judge's finding is postulated on the fact that the defendant used the prefix 'Mc' — to quote her — 'is used in conjunction with a food item'. But the facts show that the defendant did not use the prefix 'Mc' in conjunction with a food item. Indeed, as I have already said, the food items the defendant offers its customers are wholly different from those offered by the plaintiff. *Where the learned judge, with respect, erred is to assume that the respondent had a monopoly in the use of the prefix 'Mc' on a signage or in the conduct of business*. (Emphasis Added.)

[53] Therefore, I am of the considered opinion that by looking at the marks as a whole, the defendant's 'NCV' mark is neither identical nor similar to the plaintiff's 'NCTECH' mark. Other cases came to the similar finding, as can be seen in the case of *Elba Group Sdn Bhd v Pendaftar Cap Dagangan Dan Paten*

Malaysia [1998] 4 MLJ 105 where the court held that 'DAX' was not confusingly similar with 'DAKS'. In *Fif Trade Mark* [1979] RPC 355, it was held that 'FIF' was not similar to 'JIF'.

[54] Therefore, premised on the reasons enumerated above, I find that the plaintiff has failed to establish its case on the balance of probability premised on a claim of trademark infringement, passing off and rectification. As such, the plaintiff's case is dismissed with costs.

COUNTERCLAIM

[55] The defendant's counterclaim is seeking a declaration that the deed of assignment between CYM and the plaintiff dated 27 January 2014 is invalid, null, void and has no legal effect, a declaration that the plaintiff and/or CYM are not the rightful proprietor of the VELLUX mark and an order that the Malaysian Trade Mark Registration No 09009863 and No 06012023 for the 'VELLUX' trademarks in Class 9 be expunged from the Register of Trade Marks, Malaysia.

[56] In view of my finding above that deed of assignment between CYM and the plaintiff dated 27 January 2014 is invalid, null, void and has no legal effect, then I will grant a declaration that the plaintiff is not the rightful owner of the 'VELLUX' trademarks.

[57] The next issue is on the defendant's application to expunge the 'VELLUX' trademarks from the register. The defendant's case is premised on non compliance with ss 10, 14 and 25 of the TMA 1976, pursuant to s 45 of the same Act.

[58] The plaintiff's application is pursuant to s 45(1) of the TMA 1976 which provides as follows:

> 45(1) Subject to the provisions of this Act —
>
> (a) the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit;

[59] With regards to the issue of 'aggrieved party', the Federal Court in *Mesuma Sports Sdn Bhd v Majlis Sukan Negara Malaysia (Pendaftar Cap Dagangan Malaysia, interested party)* [2015] 6 MLJ 465; [2015] 9 CLJ 125 held that:

[28] *A person aggrieved is a person* who has used his mark as a trademark or *who has a genuine and present intention to use his mark as a trademark in the course of a trade which is the same as or similar to the registered trademark* that the person wants to be removed from the register. *The person must be someone who has some element of legal interest, right or legitimate expectation in its own mark which is being substantially affected by the presence of the registered mark.* The interest or right must be legal or lawful. (Emphasis added.)

[60] On the issue of aggrieved party, I am of the considered opinion that the defendant is an aggrieved party based on the following reasons:

(a) the defendant is a party to this proceeding;

(b) the defendant had been appointed as the exclusive distributor of VELLUX products in Malaysia by Dunan Co Ltd;

(c) the defendant, being the exclusive distributor of VELLUX products in Malaysia, will not be able to trade in such products in view of the 'VELLUX' trademarks; and

(d) the defendant will not be able to fulfill its contractual obligations to Dunan Co Ltd as the exclusive distributor.

[61] On the rectification issue, since the CYM's 'VELLUX' marks have been registered more than seven years ago, pursuant to s 37 of the TMA 1976, the registration in respect of the 'VELLUX' trade mark are conclusive. Section 37 reads as follows:

37 Registration conclusive

In all legal proceedings relating to a trade mark registered in the Register (including applications under section 45) the original registration of the trade mark under the Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all aspects unless it is shown that —

(a) that the original registration was obtained by fraud;

(b) that the trade mark offends against section 14; or

(c) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods or services of the registered proprietor.

[62] However, the validity of the registration can be challenged if it falls within the exceptions of s 37(a)–(c) of the TMA 1976. In this case, the defendant submits that the registration of the 'VELLUX' trademark is invalid due to the said exceptions.

[63] On the issue of fraud, the defendant submits that the 'VELLUX' trademarks ought to be expunged on the ground that CYM had committed

fraud and had misled and misrepresented herself to the registrar by claiming to be the rightful proprietor of the 'VELLUX' trademark.

[64] The defendant claimed that CYM had fraudulently misrepresented to the Registrar of Trade Marks that she is the bona fide owner of the VELLUX trademarks when she affirmed and filed her statutory declarations ('exh D6') at the time of the applications for the registration of the 'VELLUX' trademarks.

[65] However, under cross-examination, CYM has agreed that she is merely the trustee, and not the bona fide owner, contrary to what she had sworn in exh D6. Added to that, it is also the pleaded case of the plaintiff that CYM is only a trustee of the 'VELLUX' marks. Therefore, when she claimed to be the bona fide owner of the 'VELLUX' trademarks in the statutory declaration, CYM has committed fraud on the registrar.

[66] In *Wieland Electric GMBH v Industrial Automation (M) Sdn Bhd & Anor* [2014] 10 MLJ 445; [2014] 7 CLJ 970 the High Court has held that the first defendant in that case had misled and misrepresented itself to the registrar by claiming to be the rightful proprietor of the Wieland trademark via the statutory declaration. It was fraud as the first defendant had merely been an importer and/or the agent and/or distributor of the plaintiff in Malaysia at all material times.

[67] In the present case, the position taken by the plaintiff that CYM is only merely a trustee of the 'VELLUX' marks (as in the statement of claim) clearly contradicts her claim to be the bona fide owner of the VELLUX trademarks in the statutory declaration. This amounts to CYM to have committed fraud on the registrar.

[68] Added to that and based on my findings below that the common law owner of the 'VELLUX' trademarks is Dunan from South Korea, therefore CYM has also committed fraud on the registrar. In *Regent Pumps Pty Ltd & Anor v Keylargo Industrial Sdn Bhd* [2009] 2 CLJ 303, Justice Ramly Ali (as His Lordship then was) held that several cases have shown that by registering the mark that belonged to another trader despite knowing the lawful proprietor of the mark is the other trader is considered as fraud under the TMA 1976.

[69] The position taken by Ramly J is premised on the case of *Luk Lamellen Und Kupplungsbau GMBH v South East Asia Clutch Industries Sdn Bhd* [1997] 2 MLJ 724, which His Lordship referred to at p 313 of the judgment. In this case, upon finding that the applicants were the lawful proprietors of the trademark and that the respondents were aware of the fact, the court held at p 733 that:

> Knowing that the LUK trade mark belonged to the applicants, the respondents applied for and obtained registration of the trade mark as theirs in respect of their products. In making the application, *they must have claimed that the trade mark belonged to them because, by s 25 of the Act, they had to claim that they were the proprietors of the trade mark in order to qualify to apply. Since they were not, it was a false claim made for dishonest purpose, which was to become the registered proprietors of a trade mark that belonged to somebody else.* It was a falsehood practised on the registrar to achieve a result that was adverse to the interests and rights of the applicants as the lawful proprietors of the trade mark.

[70] In *Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan Liquor Trader (a firm intervening)* [1992] 4 CLJ 1985, the court held that the registration by a local importer, even with the consent of knowledge of the foreign manufacturer, will be regarded as having been obtained by fraud on the Registrar and the Malaysian public. At pp 2001–2002, it was held that:

> In the present case Hai-O was very well aware of the facts which obliges this Court to hold that in law their sale of Special Quality Ling Zhi Wine was tantamount to user by the Chinese. I also hold that they must have known that the Chinese were applying the said mark to other items in the same range exported by them for sale in Malaysia. *What distinguishes Hai-O from the facts in some of the cases cited is that they registered the mark with the knowledge and consent of the Chinese.* Perhaps they even honestly believed themselves entitled (in a subjective sense) to do as they did. *However I am compelled to hold on the facts that objectively viewed they were not entitled to say to the Registrar as they undoubtedly did that they were the proprietors of the mark. Hai-O* and the people advising them in 1981 must be taken to have known the law. Section 7 of the Act forbids the Registrar taking notice of a trust. The scheme of the Act imposes a duty on the applicant to disclose truthfully who the proprietor of the mark is. *By* s 25 of the Act only the person claiming to be the proprietor can apply in the prescribed manner. In a nutshell *Hai-O misled the registrar on a point which went to the root of the matter. I hold that in that sense a fraud was committed on the registrar.* (Emphasis added.)

[71] Premised on the reasons enumerated above, I find that that the original registration by CYM was obtained by fraud, and therefore, the registration of the 'VELLUX' marks must be expunged from the registry.

[72] The defendant also submits that the registration of the 'VELLUX' marks is contrary to s 14(1)(a) of the TMA 1976, that the registration is contrary to law. Under s 25 of the TMA 1976, only a person claiming to be the proprietor of the trademark may make an application to the registrar for the registration of that mark.

[73] Therefore, the next issue is whether CYM is the bona fide proprietor of the trademark 'VELLUX' in order to entitle her to register the same. It is the defendant's case that Dunan Co Ltd from Korea is the first user of the

'VELLUX' trademark in Malaysia when Dunan sold the vellux products in Malaysia through its Malaysian distributor, New Century Concepts Sdn Bhd in 2006.

[74] In *Mesuma Sport* the Federal Court held as follows:

> [47] So we would hold that he who first uses a trade mark owns the said trade mark under common law and that such common law ownership would in turn entitle him to file for a trade mark application as a bona fide applicant, pursuant to s 25(1) of the Act.

[75] It is the pleaded case of Chan Yuet May in para 6.2 of her statement of defence to the counterclaim that '... pada tahun 2006, Defendan Kedua sesungguhnya merupakan orang pertama yang mendaftar dan menggunakan Cap-Cap tersebut di Malaysia'. However, under cross-examination, Ms Chan said that she has never use the said marks in the course of trade:

> DC1: ... Have you ever personally sold Vellux products? Have you ever sold Vellux products in your personal name?
>
> ...
>
> DC1: (under) your name, your bank account, your invoice.
>
> PW3: No.
>
> ...
>
> DC1: Ok. So if it's sold, it would be under the invoice of the company, is that correct?
>
> PW3: Yes.

(see pp 37–38 of the notes of proceeding).

[76] Therefore, contrary to her pleaded case in para 6.2, CYM has agreed that she did not use 'VELLUX' marks in 2006, but the same was used by the company then, New Century Concepts Sdn Bhd, of which CYM was a director and sole shareholder. Yet under cross-examination, SYM said that she does not know Dunan, but later on admitted that Dunan may be one of the original equipment manufacturer ('OEM').

[77] Thus, the next issue then is whether Dunan or New Century Concepts Sdn Bhd is the first user of the 'VELLUX' marks. It is the defendant's pleaded case that Dunan has sold the vellux products to New Century Concepts Sdn Bhd in 2006, as can be seen from exh D13, an invoice from New Century dated 20 November 2006. New Century Concepts Sdn Bhd was incorporated on 1 June 2006.

[78] The plaintiff witnesses however have denied any contracts to distribute the vellux products from Dunan but state that Dunan was one of the OEM for the plaintiff. However in their statement of defence to the defendant' counterclaim, the plaintiff merely deny any knowledge about Dunan. There was nothing pleaded to the effect that Dunan was one of the plaintiff's OEM.

[79] But in his evidence, PW1 has admitted that he had decided to bring in the vellux wireless calling in system from Korea. Under cross-examination, PW1 also admitted that the plaintiff has a relationship with Dunan and that Dunan was one of the OEM for the plaintiff.

[80] Despite its bare denial of Dunan in their pleaded case (see para 3 of the plaintiff's reply and defence to the defendant's counterclaim), the plaintiff has admitted that they have a business relationship with Dunan.

[81] Having considered the evidence as a whole, I am more inclined to accept the defendant's evidence that Dunan is the first user of the trademark 'vellux' in Malaysia through New Century and NC Capital Technologies, as can be seen from the following summary.

[82] DW1, Kim Taek Yong, the president of Dunan Co, Ltd South Korea gave evidence that Dunan has manufactured and sold wireless service call system using the trademark 'vellux'. Dunnan had been manufacturing such products bearing the 'vellux' trademark ('vellux products') since 2006, and have sold the same products in China, Japan, Philippines and Malaysia, apart from Europe, North America, South America, Europe and parts of Middle East countries. Dunan has also registered the trademark 'vellux' in Class 9 in South Korea since 23 January 2006.

[83] DW1 said that their vellux products were sold to Malaysia since November 2006, as can be seen from New Century Concepts Sdn Bhd purchase order dated 17 November 2006 and performa invoice dated 20 November 2006. On 17 November 2006, Dunan has appointed NC Capital Holdings Bhd ('NCCH') as their distributor of the vellux products vide a distributor agreement dated 17 November 2006, exh D9. NCCH later changed its name to NCTech In Bhd, the plaintiff, in 2012. SYM was a director of both New Century Concept and NC Capital Holdings.

[84] DW1 also gave evidence that PW1 ('Simon Tan') wanted to transfer the distributorship agreement from NCCH to NC Capital Technologies Sdn Bhd ('NCCT') and the same was executed on 29 January 2008. However, based on the non performance of NCCT, Dunan has terminated the agreement with

NCCT vide a termination letter dated 14 September 2010. On 4 July 2011, Dunan has appointed the defendant as its exclusive distributor of the 'vellux' products in Malaysia.

[85] Having heard the witnesses and consider the evidence before this court, I am of the considered opinion that Chan Yuet May ('CYM') was not the bona fide proprietor of the mark or the common law owner of the 'VELLUX' trademarks. Evidence has shown that Dunan Co Ltd is the first user of the 'VELLUX' trademark in Malaysia when Dunan Co Ltd sold their vellux products in Malaysia, through New Century Concepts Sdn Bhd, a company where CYM is a director and shareholder, in 2006.

[86] Although the filing date of the 'NccVellux' trademark application (June 2006) is earlier than the aforesaid use, CYM did not tender any evidence of prior use of the 'NccVellux', before November 2006. The gap between the filing of the 'NccVellux' trademark and the use by Dunan Co Ltd is about four months. It is trite law that to claim ownership of trademark in Malaysia, such person must show use of the trademark in respect of the goods and services applied for rather than an earlier trademark application filing date.

[87] In *Hai-O Enterprise Bhd*, Mahadev Shanker J held at p 1992:

> Generally speaking it is *the manufacturer of the goods who is entitled to be registered as the owner of any mark he attaches to identify his goods, not the person who imports these goods into this country.* In certain circumstances however, the importer can acquire that right as against the manufacturer where there is a contest between them.
>
> ...
>
> It is important at all times to keep in the forefront of our minds that there is a clear distinction between the intellectual property in a trade mark, and the title to the goods upon which that mark is applied. So generally, a *manufacturer continues to own the mark even though he has sold the goods*. The object of the exercise is to indicate 'origin'. *In its most elementary form the owner of the trade mark would be the trader whose connection is indicated by the use of the mark. That trader would be the owner of the mark at common law.* Speaking generally in this case, it is common ground that the said mark was originally conceived in China for the purpose of indicating the Chinese connection with the goods. If the Chinese used or proposed to use this mark on their goods in Malaysia, then the said mark comes within the definition. So viewed, the propose meaning to be assigned to the term 'proprietor' means the Chinese because they were the ones who first intended that their mark should be used in Malaysia when they agreed to allow Hai-O to import their goods under the sole agency agreement and did in fact so use the mark from the day the goods reached Malaysian soil.

[88] In *Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor* [2008] 6 MLJ 433; [2008] 1 CLJ 46, the Court of Appeal held that:

Generally speaking it is the manufacturer of goods who is entitled to be registered as the owner of any marks he attaches to identify, not the person who imports these goods into this country.

[89] From the purchase orders, the invoices, the distributor agreement and the sales territory agreement, I find that it was Dunan who is the common law owner of the 'VELLUX' marks as they were the ones who first intended that their mark should be used in Malaysia. Dunan's mark 'VELLUX' was indeed used in Malaysia through the sales of Dunan VELLUX products in Malaysia by New Century Concepts Sdn Bhd. Dunan's relationship continued with NC Capital Holdings Bhd ('NCCH') as their distributor of the VELLUX products vide a distributor agreement dated 17 November 2006 and lastly through NC Capital Technologies Sdn Bhd ('NCCT') vide another distributor agreement dated 29 January 2008.

[90] With regards to the plaintiff's reliance on the article in *Oriental Daily*, it was an article published in 2009. The newspaper article does not provide proof of independent use of the 'VELLUX' trademarks in 2005 or 2006 by the plaintiff.

[91] As such, I am of the considered opinion that CYM and/or the plaintiff was not the first user of the trademark 'Vellux', and is therefore not the common law owners of the 'VELLUX' trademarks. As such, CYM was not entitled to register the said marks under s 25 of the TMA 1976, and the said marks must be expunged from the registry.

CONCLUSION

[92] Premised on the reasons enumerated above, the plaintiff's claim is dismissed and the defendant's counterclaim is allowed with costs.

Plaintiff's claim dismissed with costs and defendant's counterclaim allowed with costs.

Reported by Kohila Nesan